Regional Transportation Authority

Quarterly Report

For The Second Quarter 1991

Budget and Financial Review of the
Regional Transportation Authority
and Service Boards

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2nd qtr

Regional Transportation Authority

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Highlights:

- **The national economy** declined very slightly in the second quarter. *page 2*

- **Sales tax revenues** in May were down 1.5% from the prior month. Through May, the sales tax was $9 million below budget. *page 3*

- **Interest income,** from higher than anticipated cash balances, and a larger than expected UMTA Operating grant, have partially offset sales tax performance. *page 4*

- **Regional ridership** was up 0.8% in May compared to the prior month, as all three Service Boards reported gains. *page 6*

- **The CTA's expense performance** improved tremendously in the second quarter which eliminated much of the unfavorable deficit variance form the first quarter. *page 8*

- **Metra and Pace operating deficits** were favorable to budget through June. *pages 10 and 13*

Overview

The nation's economy, as measured by the Gross national Product, declined at a revised annual rate of 0.1% during the second quarter. This decrease was much smaller than the decreases in the previous two quarters, which may indicate that the economy is about to pull out of the recession. There is clearly not a concensus among ecomomists on the prospects for the economy. For example, some economists cite reductions in inventories during the past several months and express the opinion that the economy will grow as inventories are replenished. Others point to a lack of consumer and business confidence in the economy which could keep it in recession.

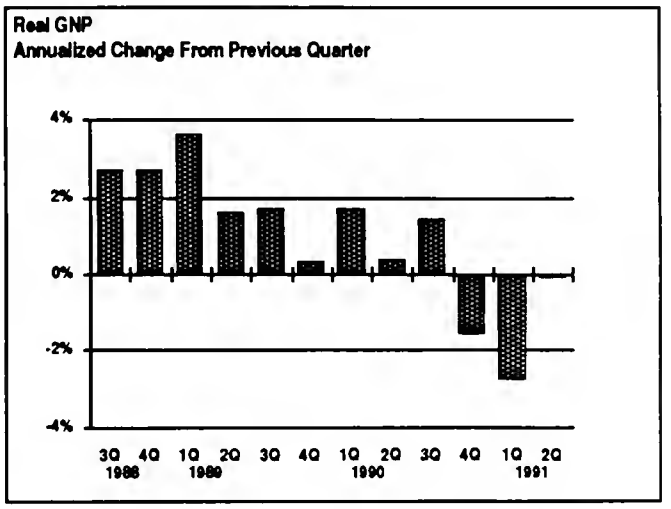
Consistent with the nation's economy, the RTA's sales tax has not yet shown consistent signs of improvement. What is clear, unfortunately, is that sales tax performance was so poor early in the year that the RTA will not reach its sales tax budget for the full year. The current projection is that sales tax for 1991 will be $30 million short of budget. May is the most recent month for which the RTA has received actual sales tax results and May's sales tax was down 1.5% from the prior month. Part of the poor sales tax performance has been offset by the federal operating subsidy received in May, which was $4 million higher than budgeted. In addition, investment income has been higher than anticipated. The net result is that regional revenues were $6 million unfavorable to budget through June.

RTA ridership is showing signs of improvement. Between September of 1990 and March, 1991, the region's ridership declined at an annual rate of 11.8%. Since March, CTA rail, Metra and Pace have shown increases in ridership, while CTA bus has lagged behind. Regional ridership for the month of June was up 0.8% from the month of May, as all three Service Boards posted gains.

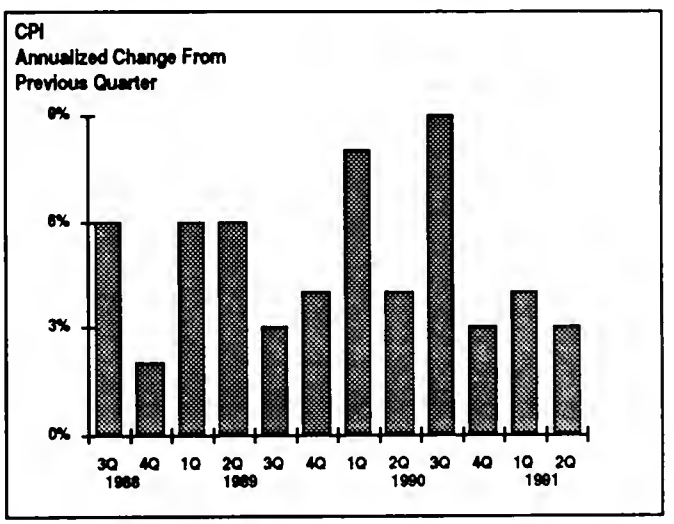
For the second quarter, the combined operating deficit of the Service Boards was $12 million favorable to budget. This represented a large improvement over the first quarter when the combined deficit was $3 million unfavorable to budget. This improvement was entirely on the expense side. Through June, Service Board revenues were $6 million unfavorable to budget, while expenses were $15 million favorable. This resulted in a deficit which was $9 million favorable to budget. Through June, unfavorable revenues at CTA more than offset favorable expense performance, resulting in a deficit which was $1 million unfavorable. Metra's favorable expense performance more than offset unfavorable revenues. Metra's operating deficit through June was $7 million favorable to budget. Pace was the only Service Board to report favorable performance to budget for both revenues and expenses.

The Economy

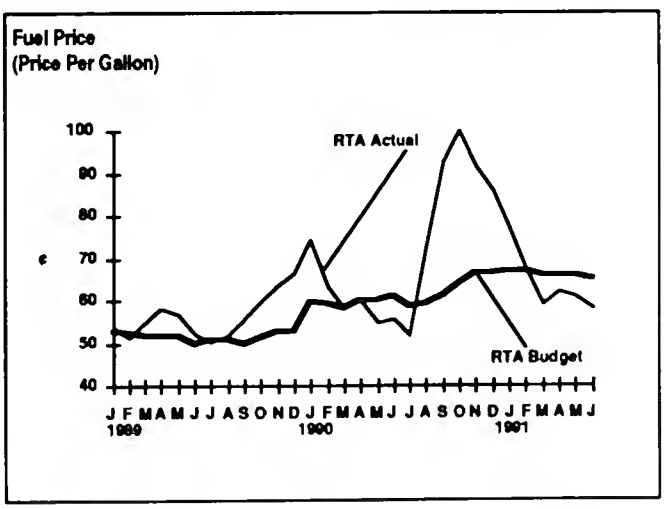
The nation's economy, as measured by real Gross National Product (GNP), decreased at an annual rate of 0.1% during the second quarter of 1991. This decrease followed declines of 2.8% in the first quarter and 1.6% in the fourth quarter of 1990. The decrease is much smaller than the decreases from the previous two quarters, which may indicate that the economy is about to pull out of the recession.

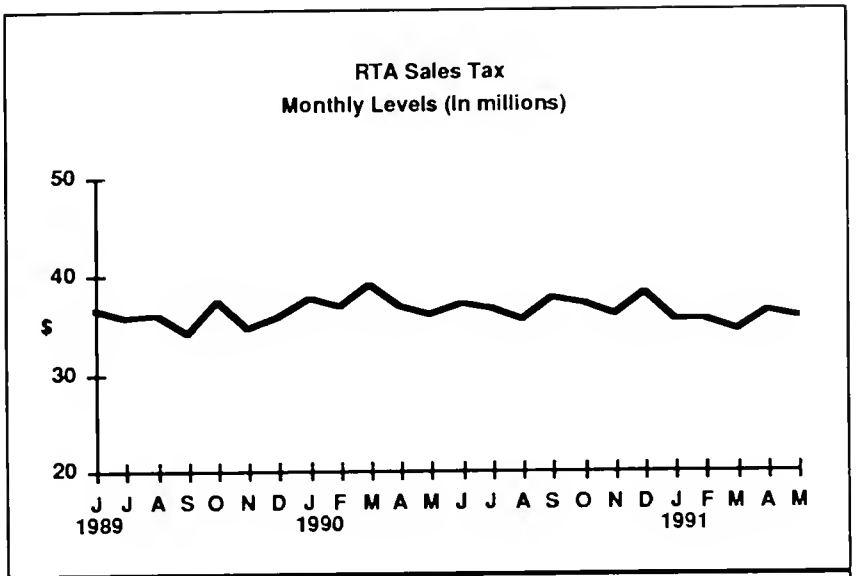


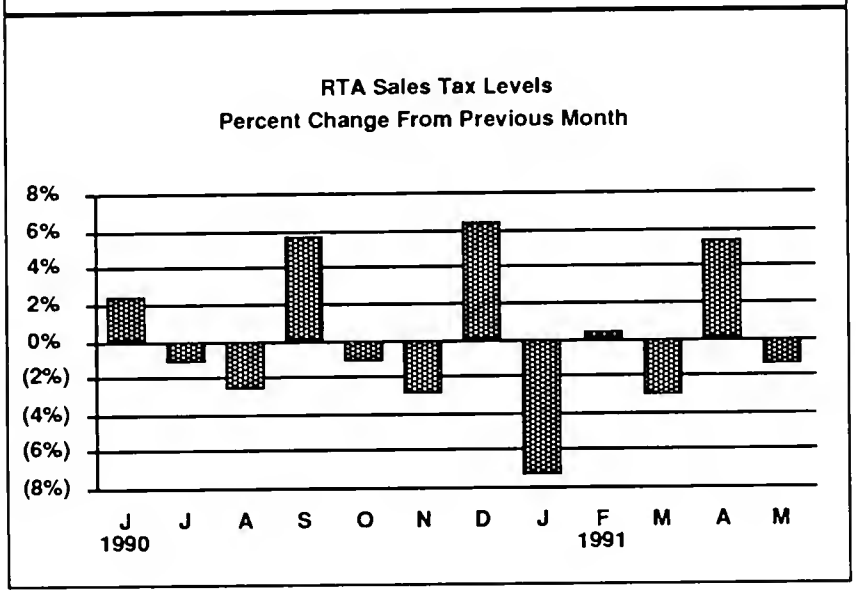
The national Consumer Price Index (CPI) grew at an annual rate of 3.0% during the second quarter. This result was consistent with inflation in the previous two quarters: 3.6% in the first quarter and 3.3% in the last quarter of 1990. In contrast, the annual rate of inflation, driven by rising fuel prices, was nearly 9% during the third quarter of 1990.



Fuel cost per gallon increased sharply in October, 1990, when the price was near $1.00 per gallon. Over the last several months, fuel costs have moderated steadily and have been below budget since March, 1991. Actual fuel prices in the second quarter were 58¢ per gallon or 7¢ per gallon below budget. On a year-to-date basis, actual fuel prices were 64¢ per gallon or 2¢ per gallon below budget.







The RTA sales tax level for the month of May was down 1.5% from the prior month. Since January, the RTA sales tax has grown at an annual rate of 2.8%. Unfortunately, January's level was the lowest sales tax amount since November, 1989. Through May, the RTA sales tax was $9 million below budget and $8 million less than last year.

Note: The sales tax levels are the result of actual monthly sales tax amounts after adjustment for seasonal patterns.

RTA Financial Results

Quarterly Results
Regional Transportation Authority
Second Quarter, 1991
(Dollars in Millions)

	2nd Qtr 1991	Favorable/(Unfavorable)To: Budget	1990
Revenue	$187.1	($2.8)	($3.1)
Operations Funding	147.1	0.6	(12.8)
Capital/Debt Funding	8.0	0.5	4.9
Change to Fund Balance	$32.0	($1.7)	($11.0)
Regional Recovery Ratio	53.3%	2.3 pts.	(4.2) pts
MEMO: Funding of Service Board Operations			
Service Board Revenue	$141.2	($1.6)	($7.9)
Service Board Expenses	269.5	13.4	(3.8)
Service Board Deficits	$128.3	$11.8	($11.7)
Positive Budget Variance	11.8	(11.8)	0.9
Less: Contributed by Service Boards	(0.2)	0.0	0.1
RTA Funding of Service Board Operations	$139.9	$0.0	($10.7)

RTA revenues for the second quarter were $2.8 million unfavorable to budget due to poor sales tax performance. For the year-to-date, revenues were $6.4 million unfavorable to budget. This unfavorable variance is the result of $13.1 million in unfavorable sales tax and PTF performance which was partially offset by favorable variances in the UMTA Operating grant and in investment income. Revenues for the year-to-date were $6.9 million unfavorable when compared to the same period last year, again due to poor sales tax performance.

RTA funding of operations for the second quarter was $0.6 million and $1.7 million favorable to budget for the second quarter and year-to-date, respectively. These favorable variances were attributable to the RTA Agency where expenses were below budget in a number of operating accounts and certain special projects, particularly Reduced Fare Registration.

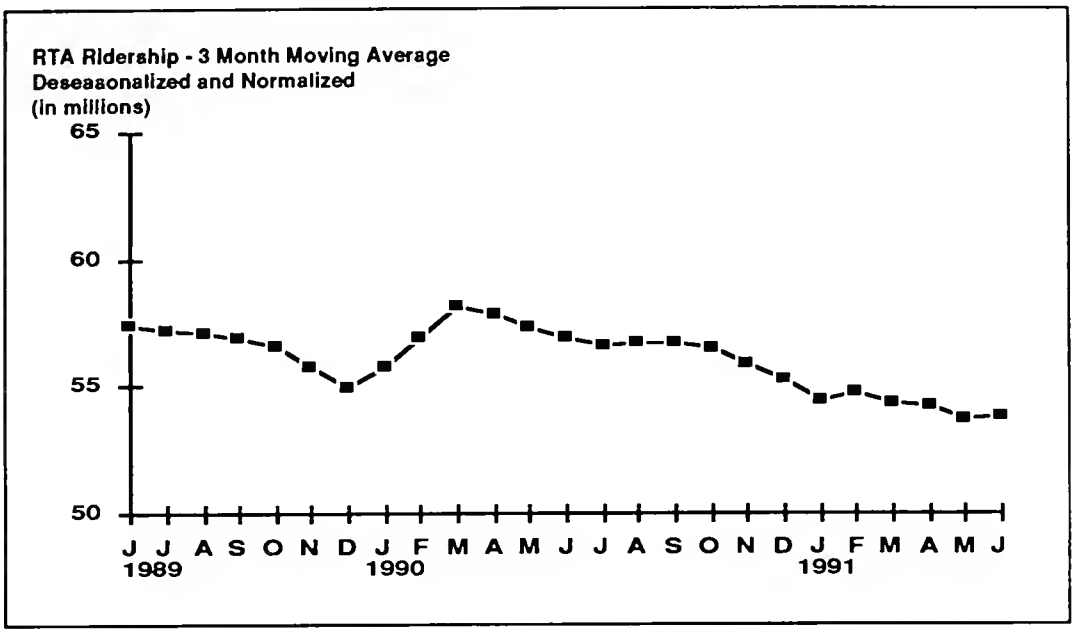
Regional capital and debt funding was $0.5 million favorable to budget for the second quarter and $1.4 million favorable for the year-to-date. The second quarter variance was due to below budget spending for RTA Capital projects such as the Smart Card and the purchase of a computer system for the Travel Information Center. The variance for the year-to-date is due to the RTA capital in the second quarter and debt service during the first quarter. Debt service requirements were lower in the first quarter because interest income in the debt service fund was higher than anticipated.

Year-To-Date Results
Regional Transportation Authority
Six Months Ending June 30, 1991
(Dollars in Millions)

	YTD 1991	Favorable/(Unfavorable)To: Budget	1990
Sales Tax	$207.5	($11.8)	($9.1)
Less: Metra Excess Entitlements	(2.2)	0.0	1.3
Public Transportation Fund	54.3	(1.3)	(0.1)
UMTA Operating	49.0	4.1	(0.9)
RTA Interest & Other Grants	10.1	2.6	1.9
Total Revenue	$318.7	($6.4)	($6.9)
RTA Funding of Service Board Operations	$278.0	$0.0	($11.0)
RTA Agency Expenses	8.7	1.7	(1.0)
New Initiatives	1.7	0.0	(0.8)
Total Operations Funding	$288.4	$1.7	($12.8)
Available After Funding Operations	$30.3	($4.7)	($19.7)
RTA Capital & Debt Service	$6.2	$1.4	($3.2)
RTA Funding of Service Board Capital	10.0	0.0	13.1
Total Capital/Debt	$16.2	$1.4	$9.9
Change to Fund Balance	$14.1	($3.3)	($9.8)
Regional Recovery Ratio	52.6%	1.0 pts.	(2.4) pts.
MEMO: Funding of Service Board Operations			
Service Board Baseline Operations:			
Revenues	$282.9	($5.7)	($4.9)
Expenses	552.7	14.4	(17.3)
Deficits	$269.8	$8.7	($22.2)
Positive Budget Variance	8.7	(8.7)	10.9
Less: Service Board Contributions	(0.5)	0.0	0.3
RTA Funding For Service Board Operations	$278.0	$0.0	($11.0)

Service Board revenues for the second quarter were $1.6 million unfavorable to budget. In contrast, first quarter revenues were $4.1 million unfavorable. Second quarter revenue performance was greatly enhanced by the CTA receiving an early $2 million contribution from the County. This revenue is not budgeted until October, at which time the positive budgetary effects from this early revenue will be eliminated. Expenses for the second quarter were $13.4 million favorable, which was a large improvement compared to the first quarter when expenses were only $1.0 million favorable. The net result of this performance is that the combined Service Board deficit was $11.8 million favorable to budget for the second quarter and $8.7 million favorable for the year-to-date.

The region's recovery ratio through June was 52.6%, which was 1.0 points favorable to budget but 2.4 points unfavorable to the 1990 level.



RIDERSHIP LEVELS

The RTA's ridership for June, 1991 was 0.8% higher than May. This increase followed a 0.3% decrease in May. Over the past few months, CTA rail, Metra, and Pace have begun to show ridership increases. Only CTA bus goes against this trend.

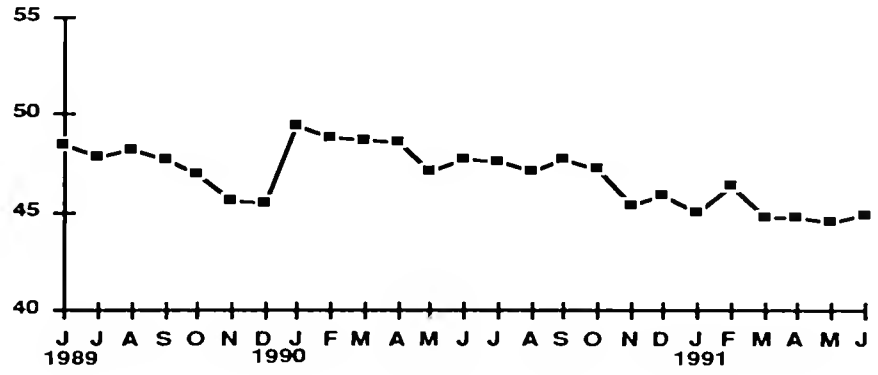
The CTA's ridership for June was up 0.7% from May. In the March-June time period, the CTA's rail ridership has grown at an annual rate of 8.7%, which partially offsets the 16.5% annual rate of decline between September, 1990 to March, 1991. Meanwhile, the CTA's bus ridership has declined slightly since January, 1991.

Metra experienced a 0.9% ridership increase in June from the prior month. Metra's ridership has shown an annual rate of increase of 8.2% over the last four months. This increase followed a 7.3% annualized decrease from July, 1990 to February, 1991.

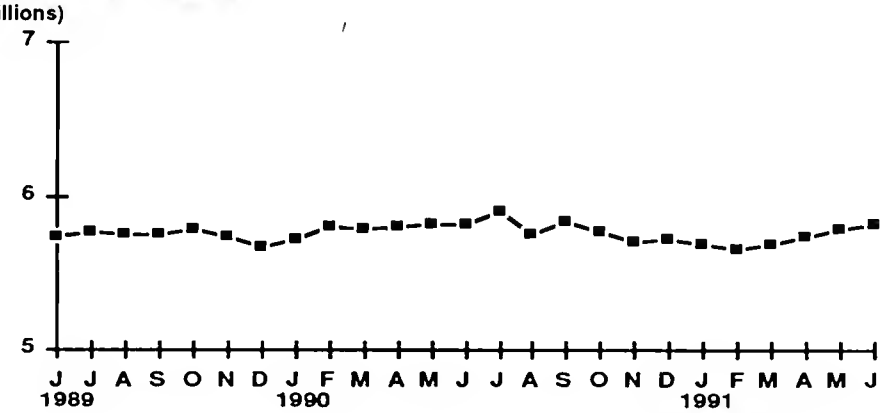
Pace's June ridership was up 2.9% from May. Pace's ridership has shown an annual rate of increase of 19.7% over the last three months. This increase followed a 9.0% annualized decrease from September, 1990 to March, 1991.

Note: Ridership levels are the result of actual monthly ridership being adjusted for seasonal patterns and for the number of weekdays, weekend days, and holidays occurring in each period.

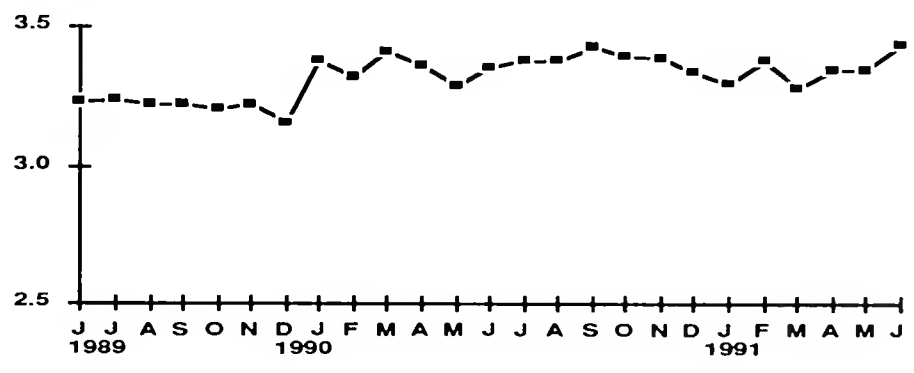
CTA Monthly System Ridership
Deseasonalized & Normalized
(In millions)



Metra Monthly System Ridership
Deseasonalized & Normalized
(In millions)



Pace Monthly System Ridership
Deseasonalized & Normalized
(In millions)



Monthly Results
Chicago Transit Authority
Second Quarter 1991
(Dollars in Millions)

	2nd Qtr 1991	Favorable/(Unfavorable) To: Budget	1990
Revenue	$91.0	($1.6)	($7.5)
Expenses	177.7	6.3	(3.3)
Operating Deficit	86.7	$4.7	($10.8)
Recovery Ratio	51.4%	0.9 pts	(5.6) pts

	2nd Qtr 1991	Higher/(Lower) Than: Budget	1990
Passengers (in thousands)	137,550	(7,420)	(9,220)
Vehicle Miles (in thousands)	32,560	70	850

The CTA's second quarter financial performance was $4.7 million favorable to budget, which eliminated most of the $5.6 million unfavorable budget variance from the first quarter. The CTA's expenses in the second quarter were $6.3 million favorable to budget, which offset a $1.6 million unfavorable variance in revenues. The CTA's June year-to-date expenses were $3.5 million favorable to budget, which was not sufficient to offset the $4.4 million unfavorable variance in revenues. The CTA's recovery ratio for the year was 50.9% or 0.7 points below budget.

June's year-to-date ridership was 270.5 million or 13.3 million below budget. This unfavorable variance in ridership has caused year-to-date farebox revenues to be $7.9 million below budget, which were only partially offset by a $1.2 million increase in revenues due to a higher average fare than anticipated. Ridership has been below budget every month this year, with the first and second quarters experiencing similar percentage decreases versus budget.

Other revenues and reduced fare reimbursements were $1.4 million and $0.9 million favorable to budget through June, respectively. The other revenue category was favorably affected by a $2.0 million local contribution from the county which was received in May, but budgeted for October. This positive variance in other revenues will be eliminated in October.

The CTA's second quarter expenses were $9 million lower than the first quarter. Maintenance expenses were $7 million lower in the second quarter than the first quarter. Maintenance hours have been sharply reduced and the CTA has reverted back to a repair as fail basis versus a planned maintenance philosophy. Overtime has been cut considerably. On a year-to date basis, Maintenance expenses were 5.6% favorable to budget.

The CTA's Operations area has shown a $4 million increase in spending between the first and second quarters. Unbudgeted bus service required to replace scheduled rail service during rail construction projects was a major reason for this variance between quarters. As a result of the second quarter

Year-to-Date Results
Chicago Transit Authority
Six Months Ending June 30, 1991
(Dollars in Millions)

	YTD 1991	Favorable/(Unfavorable)To: Budget	1990
Farebox Revenue	$162.4	($6.7)	($5.4)
Reduced-Fare Reimbursement	13.5	0.9	(2.4)
Other Revenue	8.4	1.4	2.3
Total Revenue	$184.3	($4.4)	($5.5)
Operations	$175.9	($3.3)	($10.5)
Maintenance	125.8	7.1	(2.9)
Fuel/Power	19.6	(0.2)	(0.3)
Administration	36.1	5.6	(1.9)
Special Services	7.8	1.1	(0.5)
Provision for Injury and Damages	11.3	0.0	(2.6)
Non-Departmental	(12.2)	(6.8)	5.9
Total Expenses	$364.3	$3.5	($12.8)
Operating Deficit	$180.0	($0.9)	($18.3)
Recovery Ratio	50.9%	(0.7) pts	(3.5) pts

	YTD 1991	Higher/(Lower) Than: Budget	1990
Passengers (in thousands)	270,490	(13,250)	(19,980)
Vehicle Miles (in thousands)	64,740	200	680
Passenger Per Mile	4.2	(0.2)	(0.3)

performance, Operations expenses were 1.9% unfavorable to budget on a year-to-date basis.

Fuel was essentially on budget for the year, while power was slightly over budget.

Administration was $2.7 million and $5.6 million favorable to budget for the second quarter and year-to-date, respectively. Every department within Administration is under a budget reduction program.

Special Services was $0.5 million and $1.1 million favorable to budget for the second quarter and year-to-date, respectively. Delays in the implementation of the taxicab and group trip projects were the major reasons for these positive variances.

The Provision for Injuries and Damages has been on budget so far this year.

Non-Departmental was $6.8 million unfavorable to budget through June. About $4.6 million of this unfavorable variance was due to the elimination of an accounting credit, which has been offset by the elimination of data center charges to other program areas.

Quarterly Results
Metra
Second Quarter 1991
(Dollars in Millions)

	2nd Qtr 1991	Favorable/(Unfavorable) To: Budget	1990
Revenue	$42.6	($0.3)	($0.8)
Expenses	72.4	6.0	0.3
Operating Deficit	$29.8	$5.7	($0.5)
Recovery Ratio	59.4%	4.2 pts	(0.8) pts

	2nd Qtr 1991	Higher/(Lower) Than: Budget	1990
Passengers (in thousands)	17,360	(420)	(80)
Revenue Miles (in thousands)	5,560	(110)	130

Metra's operating deficit for the second quarter of 1991 was $5.7 million favorable to budget, bringing the year-to-date positive budget variance to $7.3 million. Revenues decreased when compared to the budget and the second quarter of 1990, primarily as a result of decreased ridership and lower investment income. Expenses for the second quarter were $6.0 million favorable to budget and only $0.3 million higher than in 1990, bringing the year-to-date expense increase to $2.2 million, or only 1.5% higher than last year. The major causes for this increase were increased service levels, higher maintenance expenses and inflation. Partially offsetting these increases was a significant decrease in the provisions for claims.

Revenues for the first six months of 1990 were $1.6 million unfavorable to budget and $0.2 million higher than 1990. Metra carried 1.1 million fewer passengers than budgeted in the first six months of 1991, resulting in a $2.3 million unfavorable performance to budget. Longer average trip lengths and a shift in the type of tickets used by commuters reduced the unfavorable performance by $0.3 million. Investment income rose $0.2 million while other revenues increased $0.2 million.

Expenses for the first six months of 1991 were $8.9 million, or 5.6% favorable to budget.

In the operations area, transportation expenses were $3.6 million or approximately 4.5% favorable to budget and $0.2 million lower year-to-date than during 1990. The carrier with the greatest expense decrease was the CNW where expenses declined $2.2 million versus budget and $1.1 from 1990. Partially offsetting this favorable performance were increased expenses versus 1990 at both NIRC (5.7%) and Metra Electric (5.9%). The price of fuel added $0.6 million to expenses compared to 1990 while increased power costs added $0.3 million to expenses.

Year-To-Date Results
Metra
Six Months Ending June 30, 1991
(Dollars in Millions)

	YTD 1991	Favorable/(Unfavorable) To: Budget	1990
Farebox Revenue	$72.8	($2.0)	($0.8)
Other Revenue	11.2	0.4	1.0
Total Revenue	$84.0	($1.6)	$0.2
Operations	$48.0	$3.6	$0.2
Maintenance	59.7	3.1	(2.4)
Administration	13.6	0.6	0.1
Fuel/Power	9.1	0.0	(0.9)
Insurance and Claims	4.5	0.6	2.0
All Other	15.1	1.0	(1.2)
Total Expenses	$150.0	$8.9	($2.2)
Operating Deficit	$66.0	$7.3	($2.0)
Recovery Ratio	56.4%	2.1 pts	(0.8) pts

	YTD 1991	Higher/(Lower) Than: Budget	1990
Passengers (in thousands)	34,390	(1,080)	(440)
Revenue Miles (in thousands)	11,030	(200)	190
Passengers Per Mile	3.12	(0.05)	(0.09)

In other cost areas, maintenance expenses increased $2.4 million, or 4.2% versus 1990 on a year-to-date basis. Maintenance of equipment expenses were up $1.4 million, or 5.9%. The carriers with the largest increases were the BN (9.2%) and Metra Electric (6.7%). Maintenance of way expenses increased $1.0 million, or 3.1%. The carriers with the largest increases in this area were Metra Electric (8.6%) and the NIRC (6.4%). Administration expenses, however, were $0.1 million lower than 1990.

The recovery ratio for the second quarter was 59.4%. This was 4.2 points favorable to budget and 0.8 points unfavorable to 1990. On a year-to-date basis, the recovery ratio was 56.4% or 2.1 points favorable to budget and 0.8 points unfavorable to 1990.

Quarterly Results
Pace Suburban Bus
Second Quarter 1991
(Dollars in Millions)

	2nd Qtr 1991	Favorable/(Unfavorable)To: Budget	1990
Revenue	$7.6	$0.3	$0.3
Expenses	20.4	1.0	(1.2)
Operating Deficit	$12.8	$1.3	($0.9)
Recovery Ratio	37.3%	3.0 pts	(0.5) pts

	2nd Qtr 1991	Higher/(Lower) Than: Budget	1990
Passengers (in thousands)	10,270	(240)	160
Vehicle Miles (in thousands)	7,010	(110)	430
Vehicle Hours (in thousands)	460	0	30

Pace's recovery ratio was 36.7% through June, which was 2.5 points favorable to budget but 1.8 points unfavorable to 1990. Through June, revenues were favorable to budget and to 1990, while expenses were favorable to budget but unfavorable to 1990.

Revenues through June of $14.8 million were $0.3 million favorable to budget and $0.4 million favorable to 1990. The favorable revenue performance to budget was attributed to farebox revenue which was $0.4 million favorable. A higher than budgeted average fare added $0.6 million to farebox revenue compared to budget while lower than budgeted ridership took $0.2 million from the farebox. Farebox revenue was $0.8 million favorable to 1990. A higher average fare produced a favorable variance of $0.9 million while lower ridership cost the system $0.1 million, for a net favorable variance of $0.8 million.

Pace's reduced fare reimbursement was even with budget and lower than 1990. The unfavorable variance to last year is because a larger share of those funds now go to the CTA as a result of the fare restructuring that took place in April 1990. Lower than forecasted investment interest rates caused other revenue to be $0.1 million unfavorable to budget and to 1990.

Pace ridership for the second quarter and year-to-date was lower than budget. The second quarter, however, exceeded the same period last year. In contrast, first quarter 1991 ridership fell short of the first quarter 1990.

Year-To-Date Results
Pace Suburban Bus
Six Months Ending June 30, 1991
(Dollars in Millions)

	YTD 1991	Favorable/(Unfavorable)To: Budget	1990
Farebox Revenue*	$12.3	$0.4	$0.8
Reduced-Fare Reimbursement	1.6	0.0	(0.3)
Other Revenue	0.9	(0.1)	(0.1)
Total Revenue	$14.8	$0.3	$0.4
Operations	$23.2	$0.7	($2.2)
Maintenance	6.2	0.7	(0.3)
Non-Vehicle Maintenance	0.5	0.1	0.0
Fuel	1.5	0.0	(0.1)
Insurance and Claims	1.5	(0.1)	(0.2)
Administration	7.4	0.5	(0.1)
Total Expenses	$40.3	$1.9	($2.9)
Operating Deficit	$25.5	$2.2	($2.5)
Recovery Ratio	36.7%	2.5 pts	(1.8) pts

	YTD 1991	Higher/(Lower) Than: Budget	1990
Passengers (in thousands)	20,190	(430)	(110)
Vehicle Miles (in thousands)	13,820	(150)	720
Passengers Per Mile	1.5	0.0	0.0
Vehicle Hours (in thousands)	900	0	50
Passengers Per Hour	22.4	(0.4)	(1.5)

*Includes local share

Expenses were $1.9 million favorable to budget through June. Operations costs were $0.7 million favorable to budget, of which $0.3 million resulted from a lower than budgeted level of service and $0.4 million from the cost of the service provided. Maintenance costs were $0.7 million favorable to budget because of the seasonal nature of these expenditures. Insurance and claims were $0.1 million unfavorable to budget due to increases in the insurance claims reserve.

Overall, expenses were $2.9 million unfavorable to 1990. Operations and maintenance were $2.2 million and $0.3 million, respectively, unfavorable to 1990. Operations costs were higher than 1990 due to increased service levels, $1.2 million, and inflation, $1.0 million. Service levels increased 5.5% over the same period last year. Maintenance costs were higher due to increases in reported vehicle repair and inflation. Insurance and claims were $0.2 million unfavorable to 1990 because of higher insurance claims reserves in 1991.